

1996

FINANCIAL STATEMENTS

HOSPITAL SERVICE DISTRICT NO. 1  
PARISH OF ST MARY  
FRANKLIN, LOUISIANA

SEPTEMBER 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/19/07



September 17, 2007

Legislative Auditor  
Baton Rouge, La. 70804

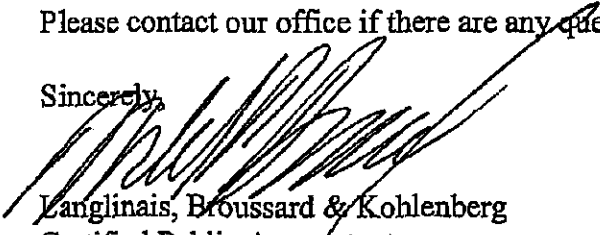
RE: Franklin Foundation Hospital  
FYE 9/30/06  
Re-issued audit report

Dear Sir or Madam,

On July 27, 2007 we reissued the audit report for Franklin Foundation Hospital for their fiscal year ended September 30, 2006. Information concerning grant funds became available to us after the completion of the audit and were included in the re-issued report.

Please contact our office if there are any questions.

Sincerely,

  
Langlinais, Broussard & Kohlenberg  
Certified Public Accountants

FINANCIAL STATEMENTS

HOSPITAL SERVICE DISTRICT NO. 1

PARISH OF ST MARY  
FRANKLIN, LOUISIANA

SEPTEMBER 30, 2006

TABLE OF CONTENTS

	<u>STATEMENT</u>	<u>PAGE</u>
		1
Independent Auditor's Report	A	2 - 3
Statement of Net Assets	B	4
Statement of Activities	C	5
Statement of Cash Flows		6 - 11
Notes to the Financial Statements		
	<u>SCHEDULE</u>	
Supplemental Information:		
Patient Service Revenues	1	12 - 13
Other Operating Revenues	2	14
Professional Services	3	15
General and Administrative Services	4	16
Governing Board Expenses	5	17
Report on Internal Control Structure and Compliance		18 - 19



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Hospital Service District No. 1  
Parish of St. Mary, State of Louisiana  
Franklin, Louisiana

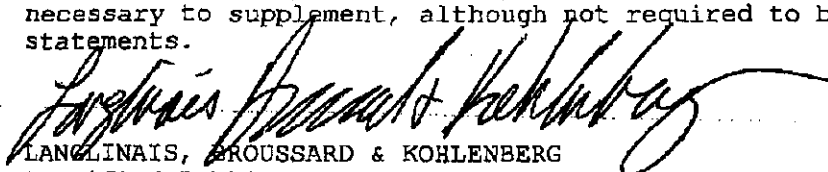
We have audited the financial statements of Hospital Service District No. 1, Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Police Jury, State of Louisiana, as of September 30, 2006 and the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Hospital District No. 1, Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Police Jury, State of Louisiana, at September 30, 2006, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hospital District No. 1 has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

  
LANGLINAIS, BROUSSARD & KOHLENBERG  
Certified Public Accountants

July 27, 2007

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

STATEMENT OF NET ASSETS

ASSETS

**CURRENT ASSETS:**

Cash	\$2,102,286
Accounts receivables, less allowance for doubtful accounts of \$ 2,151,469	1,830,495
Due from third party payors	149,850
Other receivables	2,690,900
Inventories	492,552
Prepaid expenses	<u>108,353</u>
Total Current Assets	<u>7,374,436</u>

**PROPERTY, PLANT AND EQUIPMENT:**

Property, plant and equipment, cost	23,698,220
Less: accumulated depreciation	<u>11,261,393</u>
Total Property and Equipment	<u>12,436,827</u>

**TOTAL ASSETS**

\$19,811,262

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

STATEMENT A

SEPTEMBER 30, 2006

LIABILITIES AND NET ASSETS

**CURRENT LIABILITIES**

Current portion of long-term debt	\$37,336
Notes payable	653,016
Accounts payable	2,572,381
Due to third party payors	257,881
Accrued salaries and related withholdings	239,824
Accrued vacation and holiday expense	171,505
Total Current Liabilities	<u>3,931,943</u>

**LONG-TERM LIABILITIES:**

Long-Term Debt:

Obligations under capital lease	93,821
Construction Loan - Guaranteed	2,555,779
Bond Anticipation Note	1,868,260
COF - Non-Guaranteed	283,975
Total Long-Term Liabilities	<u>4,801,835</u>

**TOTAL LIABILITIES**

8,733,778

**NET ASSETS**

Invested in capital assets, net of related debt	6,944,968
Unrestricted	<u>4,132,516</u>
	<u>11,077,484</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$19,811,262

The accompanying notes are an integral part of these financial statements

HOSPITAL SERVICE DISTRICT NO. 1  
Parish of St. Mary  
Franklin, Louisiana

STATEMENT B

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2006

OPERATING REVENUES:

Net patient service revenues	\$14,083,641
Advalorem taxes	1,949,291
Other operating revenue	<u>2,403,157</u>
TOTAL OPERATING REVENUE	<u>18,436,090</u>

OPERATING EXPENSES:

Professional services	7,739,247
General and administrative	4,784,495
Depreciation	625,264
Provision for doubtful accounts	<u>1,664,970</u>
TOTAL OPERATING EXPENSES	<u>14,813,976</u>

INCOME (LOSS) FROM OPERATIONS	<u>3,622,113</u>
-------------------------------	------------------

NON-OPERATING REVENUES

Interest income	<u>23,554</u>
TOTAL NON-OPERATING REVENUES	<u>23,554</u>

CHANGE IN NET ASSETS	<u>3,645,667</u>
----------------------	------------------

TOTAL NET ASSETS, BEGINNING	<u>7,431,817</u>
-----------------------------	------------------

TOTAL NET ASSETS, ENDING	<u>\$11,077,484</u>
--------------------------	---------------------

The accompanying notes are an integral part of these financial statements

HOSPITAL SERVICE DISTRICT NO. 1  
Parish of St. Mary  
Franklin, Louisiana

STATEMENT C

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2006

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from patients	\$14,010,771
Ad valorem taxes	1,949,291
Cash payments to suppliers for goods and services	(5,850,163)
Cash payments to employees for services	<u>(5,406,670)</u>
Net Cash Flow from Operating Activities	<u>4,703,229</u>

**CASH FLOW FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES:**

Acquisition of property and equipment	(7,072,442)
Proceeds of long term borrowing	5,381,513
Principal payments on long-term debt	<u>(1,085,677)</u>
Net Cash Used in Capital and Related Financial Activities	<u>(2,776,606)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest income	<u>23,554</u>
Net Cash Provided by Financing Activities	<u>23,554</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 1,950,177

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 152,109

**CASH AND CASH EQUIVALENTS AT END OF YEAR** 2,102,286

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Operating Income	\$3,622,113
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	625,264
Provision for doubtful accounts	1,664,970
Increase in receivables and due from third parties	(2,476,027)
Decrease in inventories and prepaid expenses	1,830
Increase in accounts payable and accrued expenses	<u>1,265,079</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$4,703,229</u>

The accompanying notes are an integral part of these financial statements.



HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity.** Hospital Service District No. 1, Parish of St. Mary (the Hospital) was created by Ordinance No. 559 of the Police Jury of St. Mary Parish on September 20, 1950, to operate, control, and manage matters concerning the health care of citizens west and northwest of the Wax Lake Outlet. The Hospital is governed by a board of seven commissioners who are appointed by the St. Mary Parish Council. For this reason, the Hospital is considered to be a component unit of the St. Mary Parish Government, St. Mary Parish, Louisiana.

**Use of estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Proprietary fund accounting.** The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

**Inventories.** Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out) or market.

**Property, Plant and Equipment.** Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

NOTE 1: DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

**Cash and cash equivalents.** Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

**Advalorem Taxes.** The Hospital received approximately 6.8 percent of its financial support from ad valorem taxes. Current taxes are received beginning in October of each year and become delinquent after January 31, of the following year.

**Risk Management.** The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**Accounting Standards.** Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Investments in debt and equity securities.** Investments in debt and equity securities are carried at fair value except for investments in debt securities with maturities of less than one year at the time of purchase. These investments are reported at amortized cost, which approximates fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating income when earned.

**Net patient service revenue.** The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

NOTE 2: MAJOR SOURCE OF REVENUE

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 69% of its gross patient service revenue from patients covered by the Medicare and Medicaid programs. Included in net patient service revenues is additional reimbursement for Medicaid Uncompensated Care Adjustments of \$2,245,773

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

NOTE 3: NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare Inpatient services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2003.

Medicaid Medicaid inpatients are reimbursed a fixed rate per day for med/surg patients. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, with certain limitations and exceptions. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports filed by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2003.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, and preferred provider organizations. The basis for payment to the Hospital under some of these agreements includes prospectively determined daily rates.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, by major category, is as follows

	Asset life in years	2006
Land		\$ 319,999
Land improvements	5 - 25	69,824
Building and improvements	10 - 40	6,405,258
Fixed equipment	5 - 25	1,348,018
Movable equipment	5 - 25	8,141,042
Construction in progress		7,414,079
Total cost		23,698,220
Less accumulated depreciation		11,261,393
Net Property, Plant and Equipment		<u>\$12,436,827</u>

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

NOTE 5: LONG-TERM DEBT

Long-term debt consisted of the following:

Capital lease obligations - Capital One Bank, payable at 4.6% in monthly installments of \$2,107 and \$1,465 collateralized by equipment with costs of \$112,800 and \$77,261, respectively \$ 131,157

Construction loan guarantee - guaranteed portion will bear a rate of 7.83%, unguaranteed portion will bear an initial rate of 6.5% to be reset every five years, borrowing not to exceed \$7,600,000 with a 22 year term 2,555,779

Bond anticipation note - interest rate of 4.5% fixed, maximum borrowing \$5,000,000 with a 24 month term 1,868,260

COF - non guaranteed 283,975

4,839,171

Less current portion 37,336

Long-term portion \$ 4,801,835

Scheduled repayments on capital leases are as follows:

	Principal	Interest	Total
2007	\$ 37,336	\$ 5,543	\$ 42,879
2008	39,186	3,693	42,879
2009	41,127	1,752	42,879
2010	13,508	143	13,651
2011	-	-	-
Total	\$ 131,157	\$ 11,131	\$ 142,288

NOTE 6: CASH FLOWS SUPPLEMENTAL INFORMATION

Total interest paid by the Hospital was \$ 133,705. Of this amount, \$ 90,458 was capitalized as part of the construction in progress cost.

NOTE 7: CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables (net of allowances) from patients and third-party payors is as follows:

Medicare	35%
Medicaid	14
Commercial and other third-party payors	51
	<u>100%</u>

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

NOTE 8: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

*Cash and cash equivalents:* The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

*Investments:* Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices for similar securities.

*Assets limited as to use:* These assets consist primarily of cash and short-term investments and interest receivable. The carrying amount reported in the balance sheet is fair value.

*Accounts payable and accrued expenses:* The carrying amount reported in the balance sheet for accounts payable and accrued expenses approximates its fair value.

*Estimated third-party payor settlements:* The carrying amount reported in the balance sheet for estimated third-party payor settlements approximates its fair value.

*Long-term debt:* Fair values of the Hospital's revenue notes are based on current traded value. The fair value of the Hospital's remaining long-term debt is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair values of the Hospital's financial instruments are as follows:

	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 2,102,286	\$ 2,102,286
Accounts payable and accrued expenses	\$ 2,983,710	\$ 2,983,710
Estimated receivable from third party payors	\$ 149,850	\$ 149,850
Estimated third-party payor settlements	\$ 257,881	\$ 257,881
Long-term debt	\$ 4,801,835	\$ 4,801,835

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

NOTE 9: BANK DEPOSITS AND INVESTMENTS

State statutes authorize the Hospital to invest in obligations of the U.S. Treasury, certificates or other obligations of the United States of America, and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The Hospital had bank balances as follows:

Insured (FDIC)	\$ 101,550
Collateralized by securities held by the pledging financial institution's trust department in the Hospital's name	<u>3,450,258</u>
Total	<u>\$ 3,551,808</u>
Carrying Value	<u>\$ 2,280,710</u>

NOTE 10: UNCOMPENSATED CARE REVENUE

The Hospital receives a disproportionate share payment for uncompensated care. This payment is based upon estimated uncompensated care cost and is subject to audit by the Louisiana Department of Health and Hospitals. Coverage for uncompensated care is based on the State's fiscal year.

NOTE 11: GASB Statement No. 34

During fiscal year 2003 the Hospital implemented GASB Statement No. 34, "Basic Financial Statements, and Management's Discussion and Analysis for State and Local Governments," as amended by GASB Statement No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in capital assets, net of related debt* consist of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, note, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

HOSPITAL SERVICE DISTRICT NO. 1  
Parish of St. Mary  
Franklin, Louisiana

SCHEDULES OF PATIENT SERVICE REVENUES

INPATIENT SERVICE REVENUES

Daily Patient Services:

Room and Board	<u>\$1,818,950</u>
Total	<u>1,818,950</u>

Other Nursing Services:

Operating room	548,279
Central supplies	2,141,936
Labor and delivery	231,812
Observation	33,774
Emergency service	<u>398,950</u>
Total	<u>3,354,751</u>

Other Professional Services:

Laboratory	939,789
Anesthesiology	59,003
EKG	154,485
Blood	71,942
Radiology	367,414
Pharmacy	1,724,608
Cardiac rehab	1,880
Inhalation therapy	421,857
Physical therapy	139,591
Professional fees	<u>729,858</u>
	<u>4,610,427</u>

TOTAL INPATIENT SERVICE REVENUE

\$9,784,127

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary

Franklin, Louisiana

SCHEDULES OF PATIENT SERVICE REVENUES

FOR THE YEAR ENDED SEPTEMBER 30, 2006

OUTPATIENT SERVICE REVENUES

Other Nursing Services:

Operating room	\$1,373,427
Central supplies	1,017,890
Labor and delivery	9,074
Observation	65,691
Emergency service	<u>2,266,210</u>
Total	<u>4,732,291</u>

Other Professional Services:

Laboratory	3,727,098
Anesthesiology	125,024
EKG	461,771
Blood	9,375
Radiology	2,745,136
Pharmacy	1,388,634
Cardiac rehab	90,373
Inhalation therapy	113,161
Physical therapy	241,002
Clinics	902,103
Professional fees	<u>1,709,118</u>
Total	<u>11,512,795</u>

TOTAL OUPATIENT SERVICE REVENUE	<u>16,245,086</u>
---------------------------------	-------------------

GROSS PATIENT SERVICE REVENUE	26,029,214
-------------------------------	------------

Less Contractual Adjustments	<u>14,191,345</u>
------------------------------	-------------------

Net Patient Service Revenue before Disproportionate Share	11,837,868
---	------------

Medicaid Uncompensated Care	<u>2,245,773</u>
-----------------------------	------------------

NET PATIENT SERVICE REVENUE	<u>\$14,083,641</u>
-----------------------------	---------------------



HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

SCHEDULES OF OTHER OPERATING REVENUES

FOR THE YEAR ENDED SEPTEMBER 30, 2006

Cafeteria and vendor sales	\$115,992
Grant revenue - Building	2,103,546
Rental income	35,685
Grant revenue - other	109,873
Other	<u>38,061</u>
	<u>\$2,403,157</u>

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

SCHEDULES OF PROFESSIONAL SERVICES

FOR THE YEAR ENDED SEPTEMBER 30, 2006

Salaries and Fees:

Nursing	\$855,081
Operating room	251,732
Central supply	61,943
Labor and delivery	251,234
Emergency room	414,103
Laboratory	313,897
Radiology	359,599
Pharmacy	222,493
Anesthesiology	234,967
Inhalation therapy	212,518
Physical therapy	221,527
Clinics	496,104
Other	42,222
Total Salaries and Fees	<u>3,937,420</u>

Supplies and Other Expenses:

Nursing	407,610
Operating room	281,231
Central supply	113,608
Labor and delivery	64,246
Emergency room	971,878
Laboratory	734,597
Radiology	445,260
Pharmacy	458,408
Anesthesiology	21,080
Inhalation therapy	152,577
Physical therapy	9,565
Clinics	116,099
Other	25,668
Total Supplies and Other Expenses	<u>3,801,827</u>

Total Professional Services

\$7,739,247

HOSPITAL SERVICE DISTRICT NO. 1  
Parish of St. Mary  
Franklin, Louisiana

SCHEDULE OF GENERAL AND ADMINISTRATIVE

FOR THE YEAR ENDED SEPTEMBER 30, 2006

Salaries and Fees:

Administrative	\$863,656
Maintenance	159,430
Housekeeping	149,722
Medical records	167,455
Dietary	<u>142,571</u>
Total Salaries and Fees	<u>1,482,833</u>

Supplies and Other Expenses:

Interest	34,171
Administrative	2,556,636
Maintenance	495,591
Housekeeping	30,660
Medical records	32,055
Dietary	<u>152,547</u>
Total Supplies and Other Expenses	<u>3,301,662</u>
 Total General and Administrative Services	 <u>\$4,784,495</u>

HOSPITAL SERVICE DISTRICT NO. 1

Parish of St. Mary  
Franklin, Louisiana

GOVERNING BOARD EXPENSES

YEAR ENDED SEPTEMBER 30, 2006

	<u>COMPENSATION</u>
Marshall Guidry	\$ -
Ann Luke	\$ -
Didi Battle	\$ -
Nick Accardo, M.D.	\$ -
Eugene Foulcard	\$ -
Clegg Caffery, Jr.	\$ -
Alan Von Werder	\$ -

**LANGLOIS  
BROUSSARD &  
KOHLENBERG**

A Corporation of Certified Public Accountants



*Glen P. Langlois, C.P.A.  
Michael P. Broussard, C.P.A.  
Chris A. Kohlenberg, C.P.A., M.B.A., M.H.A.  
Gayle L. Falcon, C.P.A.*

*Patrick M. Guldry, C.P.A.  
Ashley V. Breaux, C.P.A.*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Hospital Service District No. 1  
Parish of St. Mary  
Franklin, Louisiana

We have audited the financial statements of Hospital Service District No. 1, Parish of St. Mary, State of Louisiana, a component unit of the St. Mary Parish Police Jury, State of Louisiana, as of and for the year ended September 30, 2006, and issued our report thereon dated July 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**COMPLIANCE**

As part of obtaining reasonable assurance about whether Hospital Service District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered Hospital Service District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted two matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

Control of assets Several employees have the ability to authorize and record transactions. These employees also have access to cash and the check signing machine, and one of these employees performs the reconciliation of bank statements.

Safeguarding of assets The Hospital has no procedure in place to identify large, costly fixed assets as being owned by the Hospital.

This report is intended for the information of Hospital Service District No. 1 and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

We acknowledge with appreciation the courtesies extended our representatives during the audit.

Sincerely,



Langlais, Broussard & Kohlenberg  
Certified Public Accountants

July 27, 2007



Board of Commissioners  
Hospital Service District No. 1  
Parish of St. Mary  
Franklin, Louisiana

In planning and performing our audit of the financial statements of Hospital Service District No. 1, State of Louisiana, a component unit of the St. Mary Parish Police Jury, State of Louisiana, as of and for the year ended September 30, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under the standards established by the American Institute of Certified Public Accountants (AICPA). Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Hospital's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

#### CONTROL OF ASSETS

Several employees have the ability to authorize and record transactions. These employees also have access to cash and the check signing machine, and one of these employees performs the reconciliation of bank statements.

We recommend that someone separate from these job duties perform the bank reconciliations on a monthly basis.

#### SAFEGUARDING OF ASSETS

The Hospital has no procedure in place to identify large, costly fixed assets as being owned by the Hospital.

We recommend that all material assets purchased and in possession should be engraved or permanently labeled with the Hospital's contact information to deter theft or loss.

This report is intended for the information of the management and the Board of Commissioners of the Hospital, the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

We acknowledge with appreciation the courtesies extended our representatives during the audit.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Langlois, Broussard & Kohlenberg', is written over a horizontal line. Below the signature, the text 'Langlois, Broussard & Kohlenberg' and 'Certified Public Accountants' is printed.

Langlois, Broussard & Kohlenberg  
Certified Public Accountants

July 27, 2007